



SECRETARY OF THE ARMY
WASHINGTON
JAN 10 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Business Initiative Council (BIC)

As you know, the Business Initiative Council has been assigned the task of improving the Department's business operations and generating savings that can be applied to higher priorities. I recently had the pleasure of participating with the other BIC members in reviewing and approving our second round of improvement initiatives. The approved initiatives are described in the enclosed memo from the Under Secretary of Defense (Acquisition, Technology and Logistics).

As I noted in my earlier memo regarding the BIC, this review of DoD and Army business processes gives us a unique window of opportunity to make meaningful changes in the way we do business and to make resources available to support the key pillars of our Army vision: people, readiness, and transformation. The Army will retain the savings generated by BIC initiatives, with both HQDA and MACOMs sharing in the savings. For this reason, I view the BIC effort as a winner from all perspectives: we will develop better ways of doing business across the Army and DoD, and will make resources available for both HQDA and the MACOMs.

You can contribute to this important effort by continuing with the actions I identified earlier. First, I ask that you work cooperatively with initiative champions when asked to play a role in implementing the approved initiatives. The BIC has tasked the champions to serve as overall managers for the initiatives, and they will work with each service as needed to ensure that required implementation actions stay on track. Second, I encourage you to identify and submit additional improvement opportunities for BIC consideration. Our Web site (<http://www.asafm.army.mil/rabb/bir/bir.asp>) provides the instructions for doing this.

The ASA(FM&C) and the DCSPRO are leading this effort, with day-to-day direction being provided by Dr. Bob Raynsford, Deputy Assistant Secretary of the Army for Resource Analysis and Business Practices. Dr. Raynsford and his staff stand ready to assist you in achieving the BIC objectives. If you have any questions about the overall BIC effort or about implementing the approved initiatives, don't hesitate to contact him.

Thomas E. White

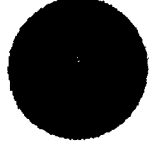
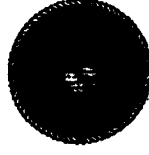
Enclosure

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DEPARTMENT OF DEFENSE



BUSINESS INITIATIVE COUNCIL (BIC)

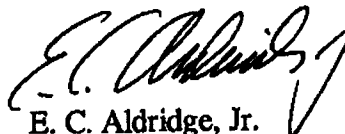
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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE GENERAL COUNSEL
DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Business Initiative Council's (BIC) Approval of Initiatives

The BIC Executive Steering Committee and Executive Directors briefed members of the BIC (the Secretaries of the Military Services, the Vice Chairman of the Joint Chiefs of Staff, and I) on December 3, 2001 and requested approval for the second set of initiatives. At the conclusion of the meeting, the BIC approved the 14 initiatives and provided re-direction on three previously approved initiatives, all of which are summarized in the attachment to this memorandum. The BIC champions for these 14 initiatives are hereby authorized to develop and launch their implementation plans. While undertaking these efforts, they carry my authority, on behalf of the Senior Executive Council, which is chaired by the Secretary of Defense. I therefore expect the full support and cooperation of all staffs across the Department.

Approval of this second set of initiatives continues the phased effort by the BIC to identify and implement ideas to improve the way we conduct our business. The BIC will continue to work collaboratively and continuously to bring good ideas forward for consideration. Improving the Department's business operations ultimately takes the collaborative efforts of leadership and the participation and support of our total workforce. To this end, the BIC members are committed to supporting the DoD champions during implementation and the BIC boards as they continue their search for promising new ideas to sharpen DoD business processes.


E. C. Aldridge, Jr.
Chairman

Attachment:
As stated

BUSINESS INITIATIVE COUNCIL

Chairman: Under Secretary of Defense (AT&L): The Honorable E. C. Aldridge, Jr.
Secretary of the Navy: The Honorable Gordon R. England · Secretary of the Air Force: The Honorable Dr. James G. Roche
Secretary of the Army: The Honorable Thomas E. White · Vice Chairman of the Joint Chiefs of Staff: General Peter Pace

ATTACHMENT:

SUMMARY OF APPROVED QUICK HIT INITIATIVES (RESULTS OF BIC MEETING, DECEMBER 3, 2001)

People Processes:

Title: Optimize Professional Continuing Education

Description of Initiative: In an effort to streamline Professional Continuing Education (PCE), allow Services to determine who/where is the best to provide PCE.

Required Policy Changes/Approach: DoD and the Services make the determination as to where PCE will take place, and which Service is best suited to provide this education.

Responsible DoD Champion: Air Force

Title: Modify JPME II Requirements

Description of Initiative: Modify Joint Professional Military Education II by allowing the course to be less than 12 weeks, removing the requirement for mandatory sequencing (JPME I, JPME II, joint billet) in order to be designated a Joint Specialty Officer, and by allowing Service Staff & War Colleges to provide resident and non-resident JPME II.

Required Policy Changes/Approach: HASC NDAA FY02 includes language directing an independent study to review Joint Officer Management and JPME II Reforms. The current HASC language requires the SecDef to submit the report to Congress not later than June 30, 2002. After completion of the report, and based on the study's recommendations, Joint Staff will re-engage with Congress to facilitate the required legislation to modify JPME II.

Responsible DoD Champion: Joint Staff

Title: Allow for Contracting of Security Guards

Description of Initiative: Allow Services to contract security guards in the Continental United States (CONUS) at small locations in an effort to provide increased flexibility as the Department continues to enhance anti-terrorism/force protection measures.

Required Policy Changes/Approach: Propose legislative language to change Federal law (Title 10 USC 2465, passed in 1983), prohibiting contracting of security guards. Include this language in the FY03 legislative initiatives.

Responsible DoD Champion: Army (Legislative Affairs)

Logistics/Readiness Processes:

Title: Revise Davis-Bacon Act Thresholds

Description of Initiative: Raise the current threshold subject to Davis-Bacon Act from \$2K to the simplified acquisition threshold, currently \$100K.

Required Policy Changes/Approach: Develop legislative language addressing Title 40 USC 276a and amending this Title and include in FY03 legislative initiatives to allow an increase in thresholds.

Responsible DoD Champion: Army (Legislative Affairs)

Title: Improve Interservice Product Quality Deficiency Reporting (PQDR) Business Process

Description of Initiative: Develop and implement a methodology to seamlessly share PQDR data across all Services and Agencies.

Required Policy Changes/Approach: Amend Joint Service regulations, rewriting/eliminating language necessary to allow for seamless sharing of PQDR.

Responsible DoD Champion: Defense Logistics Agency (DoD PQDR Process IPT)

Title: Establish Process for Property Conveyance for Conservation Purposes

Description of Initiative: Allow DoD to convey surplus property to a State or local government, or nonprofit conservation organization for natural resource conservation purposes.

Required Policy Changes/Approach: Develop legislative language, proposing modification of state and federal environmental laws and regulations, to allow for the conveyance of surplus property.

Responsible DoD Champion: DUSD (Installations and Environment)

Corporate Operations Processes:

Title: Establish Funding Flexibility Within a Program

Description of Initiative: Establish Transfer Flexibility "Between" Appropriations in the "Same Program" at \$30M or 10 Percent (Lesser of).

Required Policy Changes/Approach: Prepare legislative language and request Congress change the General Transfer Authority provision incorporating the recommended initiative.

Responsible DoD Champion: Army & Air Force

Title: Increase Flexibility of Expired Year Funds

Description of Initiative: Establish authority to reprogram "Expired \$s" "Same FY", to avoid the need to request program specific legislation, when expired appropriation(s) have been exhausted.

Required Policy Changes/Approach: Prepare legislative language to Congress, recommending authority to transfer "Expired \$s" same "FY" between appropriations.

Responsible DoD Champion: Air Force

Title: Increase Expense/Investment Threshold

Description of Initiative: Increase Expense/Investment Threshold from \$100K to \$500K. This will provide Field Commanders greater flexibility in their decision-making process and ability to fund critical requirements.

Required Policy Changes/Approach: Prepare legislative language to Congress, recommending approval to increase Expense/Investment Threshold from \$100K to \$500K.

Responsible DoD Champion: Army & Air Force

Title: Establish O&M Close-out Flexibility

Description of Initiative: Allow DOD to carryover for 1 year, up to 2% of Operations & Maintenance Funding to pay for emerging, unforecasted must-pay bills.

Required Policy Changes/Approach: Prepare legislative language to Congress recommending approval to allow DoD the authority to carryover 2% of O&M funding for 1 year.

Responsible DoD Champion: Army

Corporate Operations Processes (continued):

Title: Streamline Administrative Coordination Process

Description of Initiative: The role of the line versus staff within the Department of Defense (DoD) needs to be clarified where the line has the authority to make decisions and the staff provide advise and counsel. Inculcating this "culture" within the Department complements the Freedom to Manage Act of 2001, where the President and SECDEF have asked Congress to trust them in making decisions at the lowest levels possible. Similarly, the current volatile environment is placing increasing demands upon the Department and warrants a significant streamlining of our staffing processes.

Required Policy Changes/Approach: SECDEF sign and send a "culture" memo to all members of the Department. The Business Initiative Council functional/process boards evaluate the coordination processes, with special emphasis on reduced cycle time and accelerated decision making, and make policy and process changes, as needed.

Responsible DoD Champion: Air Force

Acquisition Management Processes:

Title: Streamline Contract Close-out Process

Description of Initiative: Initially close-out 400 plus physically complete cost contracts, under \$1M and that are at least nine years old. Using lessons learned, develop new business practices within the contract closeout community.

Required Policy Changes/Approach: DCMA assesses what is required to administratively close 400 plus contracts.

Responsible DoD Champion: DCMA

Title: Streamline Clinger-Cohen Implementation

Description of Initiative: Develop a process for the appropriate implementation of the Clinger-Cohen Act while avoiding the duplication of existing acquisition processes and oversight.

Required Policy Changes/Approach: Change the DoD 5000.2-R and associated CIO/C31 documents to enable streamlined procedures that satisfy Clinger-Cohen.

Responsible DoD Champion: Navy

Title: Eliminate Excise Tax on DoD Tactical Vehicles

Description of Initiative: Request authorization of exemption by the Treasury Department from paying the Federal Retail Excise Tax (FRET) on all military and tactical-wheeled vehicles, above 33,000 pounds Gross Vehicle Weight, which is currently required under Title 26 United States Code, Section 4051.

Required Policy Changes/Approach: SECDEF sign memo to SECTREAS, authorizing exemption from this tax.

Responsible DoD Champion: Navy (Mr. Don Messer & Mr. Jim Woodford)

CHANGES TO 14 SEPTEMBER 2001 BIC PRINCIPALS' DECISIONS

People Processes:

Title: One-Time Clearance of Priority Placement for Scientific & Engineering Positions

Description of Initiative: As a "war for people" tool, eliminate unnecessary delays being experienced in the hiring of hard to fill scientific and engineering positions by allowing for a one-time clearance of the Priority Placement Program (PPP).

Required Policy Changes/Approach: Change DoD policy to allow one-time clearance of PPP for scientific & engineering positions, by revising PPP regulations and providing implementation guidance.

Approved Actions: BIC Agrees to pursue modification of DoD PPP regulations to allow for one time-time clearing for scientific & engineering positions. Implement as a one-year test, partner with OUSD (P&R) to establish the universe to be included, (8XX series positions, excluding technicians and Public Works/Civil Engineering). During this test phase, establish metrics to assess unintended consequences, both good and bad. If the results are positive, expand the program incrementally to cover all occupations. Retain provisions to alter the program, in response to significant workforce redirection events.

Responsible DoD Champion: Navy (NAVFACSYSCOM Director of Civilian Personnel Programs)

Title: Modify 180-Day Waiting Period to Hire Retired Military

Description of Initiative: As a "war for people" tool, encourage highly qualified retired military personnel to pursue civil service careers by having OSD (P&R) authorize Service Secretaries to delegate waiver authority within the components.

Required Policy Changes/Approach: DoD authorize re-delegation of waiver authority to the services.

Approved Actions: BIC agrees to request re-delegation authority from OSD (P&R). Hold approved BIC initiative in abeyance. Restrictions are waived as the result of "Noble Eagle/Enduring Freedom". As the current authorities are withdrawn after Noble Eagle/Enduring Freedom, the BIC initiative will run for 12 months. During this period, partner with OSD (P&R) to establish comparative baselines to evaluate the affect of the variables.

Baseline one: # employed with Dual Comp restriction

Baseline two: # employed with Dual Comp lifted

Baseline three: # employed after Enduring Freedom, Noble Eagle, but with

Implementation of BIC Initiative

Comparative Analysis will then demonstrate if there is significant differences using the variables and would lead one to assess if there are arbitrary bars to efficient operations

Responsible DoD Champion: Air Force (Directorate of Personnel Force Management)

People Processes (continued):

Title: Manpower Mix Management Flexibility

Description of Initiative: OSD allow the Services to make the most efficient use of civilian/contract personnel without predetermined constraints/expectations.

Required Policy Changes/Approach: OSD eliminate civilian full-time equivalent targets from DoD programming guidance.

Approved Actions: MP Board draft a memo for DEPSECDEF signature, addressing the entire Department and stating that "Federal law dictates that all civilian employees shall be managed solely on the basis of the available workload and not civilian end strength or full-time equivalents".

Responsible DoD Champion: Army (Assistant Secretary of the Army for Manpower and Reserve Affairs)